



April 1, 2008

To Whom It May Concern:

RE: Docket No. R-1305

Hello, my name is Eric Delgado and I am the Vice President of Diversified Financial Mortgage in Rockville, MD and my purpose for this letter is to express both my support for consumer protection goals using Reg Z and to respectfully oppose certain restrictions in accordance to more restrictive compensation for mortgage brokers.

I've been in mortgage lending for over 5 years, all with Diversified Financial Mortgage. We are a broker and with great affirmation and pleasure, I must say I wouldn't have it any other way. The reasons behind my belief that brokers are an essential part of our lending platform are three fold:

1. As brokers, we have the ability to do a high trust consultation with our clients. This consultation will determine the needs of our clients and establish benchmarks/criteria in finding the best possible solution to meet their needs. As a broker, we have access to a handful of lenders all of which offer generally the same products, but have different pricing or vice versa. At that point, we determine which lender will satisfy their needs. In essence, we truly act as a broker or as www.dictionary.com refers to "as a person who functions as an intermediary between two or more parties in negotiating agreements". The main goal: to make a client for life.
2. The Broker business model is one that really gives the consumer the ability to find the best deal. Many clients go to their local banking branch in hopes of getting a mortgage. When this occurs, these clients are typically received with one of two things: an untrained professional who has very little knowledge of the mortgage business, or a higher rate. Sometimes, the trust is so high, that the client gets both and doesn't seem to know it until it's too late. There tends to be a lot of motivations for lenders to close more deals at higher profit margins. To that effect, many lenders use the "relationship with checking, savings, etc" as a tool to garner business and cross market. Unfortunately, this seldom puts the client in a better position. Banks/lenders are becoming more and more "Jack of all Trades and Master of None". As a broker, our business model is purely based on a

mortgage transaction and nothing else. We have the ability to focus on simply the mortgage without getting pressure to cross sell (and incentives to do so).

3. Lastly, being a broker means (in the state of Maryland) that we have met certain criteria of becoming licensed and trained. Lenders in my market can not say the same thing. We have passed exams, taken CE credits, have had our credit checked, and passed a criminal background check. I know that many of my clients appreciate and take comfort in knowing this.

In your proposal, you highlight full disclosure. In many aspects, I agree. However, this full disclosure is geared to just the broker and not ALL mortgage originators. If a new law was implemented, it should be with all originators and let service and price be the determining factor for clients, not paperwork. The loan process is complex as it stands. Adding more layers for protection is a good thing, but it should be across the board and not just for one segment of the service provider.

Another part of full disclosure is actually knowing what you have today and not forecast tomorrow. The fact that we have to be precise in what we charge and determine the ability of repayment over seven years turns our careers into fortune tellers. With all do respect, I feel as though we are taking ALL responsibility and accountability away from the client and placing it on the shoulders of the brokers. I'm all for preventing this implosion in the future, but at the same time, there should be some accountability put onto the client. In regard to YSP, there have been numerous times that I lowered my YSP in order to get a better rate if the market turned. By all accounts, having the loan officer explain how we get paid via YSP would be difficult IF AND ONLY IF brokers would have to explain this and lenders would NOT have to explain their SRP. If both lenders and brokers had to disclose their POC earnings, then this idea could in fact work and work well.

In closing, I ask the Board Of Governors of the Federal Reserve to consider alternatives to the proposed regulation and have any changes include ALL mortgage originators lender or broker. This way, we can have an even playing field and have service determine who earns the business from these clients. I can send you a list of over 200 past clients whom I firmly believe would say that their experience with me, their broker, was far better than any experience they had with a lender.

Thank you for your consideration of my comments.

A handwritten signature in black ink, appearing to read 'Eric Delgado', with a long horizontal line extending to the right.

Eric Delgado
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